

## Message Text

UNCLASSIFIED

PAGE 01 STATE 208552  
ORIGIN EB-08

INFO OCT-01 ISO-00 AF-10 ARA-14 EA-12 EUR-12 NEA-10  
SSO-00 NSCE-00 USIE-00 INRE-00 SP-02 AID-05  
NSC-05 TRSE-00 SS-15 STR-04 OMB-01 CEA-01 AGRE-00  
IO-14 COME-00 CIAE-00 INR-07 NSAE-00 FRB-01 OIC-02  
/124 R

DRAFTED BY EB/ORF/OFB:JBOYLE:JFERCH:ML

APPROVED BY EB/ORF - SWBOSWORTH

EB:JLKATZ

USDA/HWILHELM (SUBS)

-----005628 312128Z /61

O 312043Z AUG 77

FM SECSTATE WASHDC

TO ALL DIPLOMATIC AND CONSULAR POSTS IMMEDIATE

UNCLAS STATE 208552

INFORM CONSULS

E.O. 11652: N/A

TAGS: EAGR

SUBJECT: NEW US GRAIN RESERVE AND PRODUCTION POLICIES

REF: STATE 207344

1. THE REFERENCED CABLE TRANSMITTED ACTING SECRETARY OF AGRICULTURE WHITE'S ANNOUNCEMENT OF THE USG'S INTENT TO ESTABLISH A DOMESTIC GRAIN RESERVE OF FROM 30-35 MILLION TONS OF FOOD AND FEED GRAIN (APPROXIMATELY 17 TO 19 MILLION TONS OF FEED GRAINS AND 13 TO 15 MILLION TONS OF FOOD GRAINS) BY MID-1978; TO IMPLEMENT A 20 PERCENT SET-ASIDE ON 1978 CROP WHEAT; AND AN IMMEDIATE INCREASE IN THE LOAN RATES FOR 1977 CROP FEED GRAINS. PROJECTED RECORD OR NEAR RECORD  
UNCLASSIFIED

UNCLASSIFIED

PAGE 02 STATE 208552

STOCKS OF U.S. AND WORLD FOOD AND FEED GRAINS PRODUCTION AND STOCK LEVELS ALONG WITH DEPRESSED GRAIN PRICES WERE THE BACKDROP FOR WHITE'S ANNOUNCEMENT. POSTS ATTENTION ARE DRAWN TO MR. WHITE'S EXPLANATION THAT THESE ACTIONS WERE TAKEN IN FULL RECOGNITION OF THE U.S.'S CONTINUED HIGH INTEREST IN CONCLUDING AN INTERNATIONAL GRAINS RESERVE SYSTEM AND TO ENABLE THE UNITED STATES TO MEET ITS PRESENT

AND FUTURE FOOD AID COMMITMENTS TO FOOD DEFICIT DEVELOPING COUNTRIES.

2. THE USG HAS SUPPORTED EFFORTS TO ACHIEVE AN INTERNATIONAL SYSTEM OF NATIONALLY HELD GRAIN RESERVES SINCE THE CONCEPT

WAS ENDORSED BY THE WORLD FOOD CONFERENCE OF 1974. WE TABLED A DETAILED PROPOSAL FOR SUCH A SYSTEM IN THE INTERNATIONAL WHEAT COUNCIL IN SEPTEMBER 1975 AND SUBSEQUENTLY HAVE EXPANDED UPON THAT PROPOSAL TO ACCOMMODATE VIEWS EXPRESSED BY OTHER PARTICIPANTS. WE BELIEVE AN INTERNATIONAL SYSTEM OF NATIONALLY HELD GRAIN RESERVES TO BE THE MOST PROMISING MEANS OF ASSURING BOTH WORLD FOOD SECURITY AND PRICE STABILITY IN THE LONG TERM. WE ALSO BELIEVE THAT ONLY THROUGH SUCH INTERNATIONAL COOPERATION CAN THE COSTS ASSOCIATED WITH MAINTENANCE OF STABLE GRAIN MARKETS BE EQUITABLY SHARED. UNFORTUNATELY, PRODUCTION AND MARKET DEVELOPMENTS HAVE REQUIRED NATIONAL ACTION IN ADVANCE OF THE CONCLUSION OF AN INTERNATIONAL AGREEMENT. CANADA AND ARGENTINA, TWO OF THE MAJOR WHEAT EXPORTERS, HAVE ALREADY FELT COMPELLED TO CUTBACK PRODUCTION. GIVEN OUR OWN INORDINATE SHARE OF WORLD STOCKS, A SIMILAR DECISION COULD NOT BE AVOIDED IN THE U.S. IT HAD TO BE TAKEN PRIOR TO SEPTEMBER SEEDING OF WINTER WHEAT. ADDITIONAL DATA REGARDING OUR RISING GRAIN PRODUCTION AND STOCK HOLDINGS IS PROVIDED AT THE CONCLUSION OF THIS MESSAGE.

UNCLASSIFIED

UNCLASSIFIED

PAGE 03 STATE 208552

3. BY INCREASING SHARPLY OUR STRATEGIC GRAIN RESERVES AND CONSTITUTING AN EMERGENCY GRAIN RESERVE, THE PRODUCTION ADJUSTMENT HAS BEEN HELD TO A MINIMAL LEVEL AND ADEQUATE SUPPLIES FOR ALL IMPORTING COUNTRIES ARE ASSURED. IT SHOULD ALSO BE NOTED THAT THE EMERGENCY RESERVE IS TO BE SPECIFICALLY LINKED TO AN INTERNATIONAL SYSTEM WHEN SUCH IS ESTABLISHED. ACCORDINGLY, THE PACKAGE OF MEASURES ANNOUNCED BY MR. WHITE WHILE REQUIRED BY SERIOUS MARKET CONDITIONS, SHOULD ALSO BE SEEN AS AN ATTEMPT TO UNDERSCORE OUR CONTINUED CONCERN FOR THE PROBLEM OF WORLD FOOD SECURITY AND OUR DETERMINATION TO WORK FOR A SATISFACTORY LONG TERM MULTILATERAL SOLUTION.

(ALL FIGURES IN MILLIONS OF METRIC TONS)

#### TOTAL WHEAT AND COARSE GRAINS

##### WHEAT AND COARSE

GRAINS	1975/75	1976/77	1977/78
--------	---------	---------	---------

WORLD PRODUCTION	985	1105	1086
------------------	-----	------	------

US PRODUCTION	243	251	249
---------------	-----	-----	-----

PERCENT US PRODUCTION	25	23	23
WORLD END STOCKS	114	172	186
US END STOCKS	35	59	78
PERCENT US END STOCKS	31	34	42
TOTAL EXPORTS	143	140	142
US EXPORTS	78	77	70

#### WHEAT PRODUCTION

WORLD PRODUCTION	350	414	398
US PRODUCTION	58	58	56
PERCENT US PRODUCTION	17	14	14
WORLD END STOCKS	63	103	100
US END STOCKS	18	30	35

UNCLASSIFIED

UNCLASSIFIED

PAGE 04 STATE 208552

PERCENT US END STOCKS	29	29	35
TOTAL EXPORTS	66	60	68
US EXPORTS	32	25	27

#### COARSE GRAINS

WORLD PRODUCTION	635	691	688
US PRODUCTION	185	193	194
PERCENT US PRODUCTION	29	28	28
WORLD END STOCKS	51	69	86
US END STOCKS	17	29	43
PERCENT US END STOCKS	33	42	50
TOTAL EXPORTS	77	80	75
US EXPORTS	47	52	43

CHRISTOPHER

UNCLASSIFIED

NNN

## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01-Jan-1994 12:00:00 am  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** POLICIES, AGRICULTURAL PRODUCTION, STOCKPILES, GRAINS  
**Control Number:** n/a  
**Copy:** SINGLE  
**Sent Date:** 31-Aug-1977 12:00:00 am  
**Decaption Date:** 01-Jan-1960 12:00:00 am  
**Decaption Note:**  
**Disposition Action:** n/a  
**Disposition Approved on Date:**  
**Disposition Case Number:** n/a  
**Disposition Comment:**  
**Disposition Date:** 01-Jan-1960 12:00:00 am  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
**Document Number:** 1977STATE208552  
**Document Source:** CORE  
**Document Unique ID:** 00  
**Drafter:** JBOYLE:JFERCH:ML  
**Enclosure:** n/a  
**Executive Order:** N/A  
**Errors:** N/A  
**Expiration:**  
**Film Number:** D770315-0579  
**Format:** TEL  
**From:** STATE  
**Handling Restrictions:** n/a  
**Image Path:**  
**ISecure:** 1  
**Legacy Key:** link1977/newtext/t1977082/aaaaabeg.tel  
**Line Count:** 151  
**Litigation Code IDs:**  
**Litigation Codes:**  
**Litigation History:**  
**Locator:** TEXT ON-LINE, ON MICROFILM  
**Message ID:** abe45b52-c288-dd11-92da-001cc4696bcc  
**Office:** ORIGIN EB  
**Original Classification:** UNCLASSIFIED  
**Original Handling Restrictions:** n/a  
**Original Previous Classification:** n/a  
**Original Previous Handling Restrictions:** n/a  
**Page Count:** 3  
**Previous Channel Indicators:** n/a  
**Previous Classification:** n/a  
**Previous Handling Restrictions:** n/a  
**Reference:** 77 STATE 207344  
**Retention:** 0  
**Review Action:** RELEASED, APPROVED  
**Review Content Flags:**  
**Review Date:** 07-Dec-2004 12:00:00 am  
**Review Event:**  
**Review Exemptions:** n/a  
**Review Media Identifier:**  
**Review Release Date:** n/a  
**Review Release Event:** n/a  
**Review Transfer Date:**  
**Review Withdrawn Fields:** n/a  
**SAS ID:** 1472560  
**Secure:** OPEN  
**Status:** NATIVE  
**Subject:** NEW US GRAIN RESERVE AND PRODUCTION POLICIES  
**TAGS:** EAGR, US  
**To:** ALL POSTS  
**Type:** TE  
**vdkgvwkey:** odb://SAS/SAS.dbo.SAS\_Docs/abe45b52-c288-dd11-92da-001cc4696bcc  
**Review Markings:**  
Margaret P. Grafeld  
Declassified/Released  
US Department of State  
EO Systematic Review  
22 May 2009  
**Markings:** Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009